



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 349

THURSDAY, MARCH 6, 2014

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE April 2, 2014
4:24pm
ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adles

1 AN ACT relating to workers' compensation reporting requirements.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 342.012 is amended to read as follows:

4 (1) For the purposes of this chapter, an owner or owners of a business, including
5 qualified partners of a partnership owning a business, or qualified members of a
6 limited liability company, whether or not employing any other person to perform a
7 service for hire, shall be included within the meaning of the term employee if the
8 owner, owners, qualified partners, or qualified members of a limited liability
9 company elect to come under the provisions of this chapter and provide the
10 insurance required thereunder. Nothing in this section shall be construed to limit the
11 responsibilities of the owners, partners, or members of a limited liability company
12 to provide coverage for their employees, nonqualified partners, or nonqualified
13 members, if any, required under this chapter.

14 (2) When an owner, owners, qualified partners, or qualified members of a limited
15 liability company have elected to be included as employees, this inclusion shall be
16 accomplished by the issuance of an appropriate endorsement to a workers'
17 compensation insurance policy.

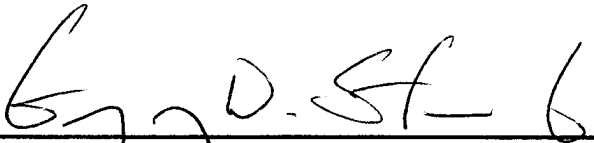
18 (3) For the purpose of this section, "qualified partner" or "qualified member or
19 members" means, respectively, a partner who has entered into a meaningful
20 partnership agreement or a member who has entered into meaningful articles of
21 organization or a meaningful operating agreement of a limited liability company,
22 which document shows on its face that the partner will substantially participate in
23 the profit or loss of the business engaged in by the partnership or limited liability
24 company and that the partner or member has made some contribution to the
25 partnership or limited liability company which entitles him or her to participate in
26 the profits of the business as well as to participate in the decision-making process of
27 the partnership or limited liability company.

(4) For the purposes of this section, "nonqualified partner" or "nonqualified member" means, respectively, a person who has entered into a partnership agreement, or articles of organization or operating agreement of a limited liability company, which document shows on its face that this person will receive regular payments in exchange for work for the business engaged in by the partnership or limited liability company; that the person will not participate in the decision-making of the partnership or limited liability company and will not participate in the profits and losses of the business engaged in by the partnership or limited liability company.

(5) Every partnership and limited liability company shall provide, upon the request of the commissioner or his or her representative, a copy of its partnership agreement or articles of organization for purposes of demonstrating compliance with this section and KRS 342.340.~~Every partnership filing a partnership agreement and every limited liability company filing articles of organization or an operating agreement for the purpose of exemption pursuant to the provisions of KRS 342.340 shall, on or before April 15 of each year, file with the commissioner the employer identification number assigned to the partnership or limited liability company by the Internal Revenue Service. On or before April 15 of each year, each partnership and each limited liability company having a partnership agreement, operating agreement, or articles of organization on file with the commissioner shall file a copy of the tax return of the partnership or limited liability company with the commissioner. Failure to comply with the provisions of this subsection shall be prima facie evidence that the partnership agreement or limited liability company articles of organization filed with the commissioner is composed, respectively, of "nonqualified partners" or "nonqualified members", respectively, as defined in this section, and the commissioner shall promptly notify interested government agencies of the failure of the filed partnership agreement or limited liability company articles of organization or operating agreement to indicate compliance with KRS 342.340.]~~

1 With particular reference to employers engaged in coal mining, the commissioner
2 shall promptly report the failure to comply with the provisions of this subsection to
3 the Energy and Environment Cabinet, Department for Natural Resources, Office of
4 Mine Safety and Licensing, so that appropriate action may be undertaken pursuant
5 to KRS 351.175.

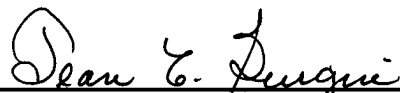
6 (6) For purposes of this section, a "limited liability company" means an entity defined
7 in KRS 275.015 and organized under the provisions of KRS Chapter 275.




Speaker-House of Representatives



President of Senate

Attest: 

Chief Clerk of House of Representatives

Approved 

Governor

Date 4/2/14